

**ADOS PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2021**



COMPANY INFORMATION

CHIEF EXECUTIVE OFFICER

Mr. Zia Akbar Ansari

DIRECTORS

Mr. Zia Akbar Ansari
Mrs. Shoobarna Zia
Mr. Shehryar Akbar Ansari
Mr. Asfandyar Akbar Ansari
Mr. Bakhtiyar Akbar Ansari
Mrs. Aylin Ansari
Ms. Aysha Masood
Ms. Suboohi
Mr. Muhammad Fahd Shaffi

COMPANY SECRETARY

Ms. Sabina Ansari

CHIEF FINANCIAL OFFICER

Mr. Ali Imran Haider Bokhari

AUDIT COMMITTEE

Mr. Muhammad Fahd Shaffi –Chairman & Member
Mrs. Aylin Ansari- Member
Ms. Suboohi - Member

HUMAN RESOURCE COMMITTEE

Mrs. Shoobarna Zia – Member & Chairperson
Ms. Suboohi Ansari – Member & Secretary
Ms. Aysha Masood - Member
Mrs. Aylin Ansari - Member
Mr. Muhammad Fahd Shafi – Member

AUDITORS

Grant Thornton Anjum Rahman
Chartered Accountants

BANKERS

Samba Bank Limited, Building 13-T, F-7,
Islamabad.

Dubai Islamic Bank Pakistan Limited,
Roshan Center, Plot 78-W, Jinnah Avenue,
Blue Area, Islamabad.



BANKERS

MCB Bank Ltd. (formerly NIB Bank Limited)
Fazal- e- Haq Road, Blue Area, Islamabad.

Bank Alfalah Limited,
Awan Arcade, Blue Area, Islamabad.

BankIslami Pakistan Limited
5-6, Chanab Center, Block 104-E, Jinnah
Avenue, Blue Area Islamabad.

National Bank of Pakistan, F-8 Markaz,
Islamabad.

Bank of Khyber. Blue Area, Islamabad
Bank of Khyber, Hattar Industrial Zone, Hattar.

Al-Baraka Bank (formerly Burj Bank
Limited, F-8 Markaz, Islamabad).

LEGAL ADVISORS

Samad Law Associates, Samad Chambers, 1st
Floor, G-253/A, Licut Road, Rawalpindi.

REGISTERED OFFICE

2nd Floor, FJ Plaza, Block 2, College Road,
Markaz F-7, Islamabad.
Tel # 92-51-2651365 & 92-51-2651701
Fax # 92-51-2651702

SHARE REGISTRAR / TRANSFER AGENT

JWAFFS Registrar Services (Private) Limited,
407-408, Al Ameera Center, Shahrah-e-Iraq,
Saddar, Karachi.
Tel # 92-21-5662023-24
Fax: + 92 21 35221192

FACTORY(S)

Plot # 43, Phase III, Hattar Industrial Estate,
Khyber Pakhtunkhwa. Tel # 92-995-617192 &
617364, Fax # 92-995-617193.



DIRECTORS' REVIEW REPORT TO THE MEMBERS

Gentlemen,

The Board of Directors of ADOS Pakistan Limited is pleased to announce the financial results for the half year ended December 31, 2021.

A comparison of key financial results of your Company's performance for the half year ended December 31, 2021 with the same period last year is as under:

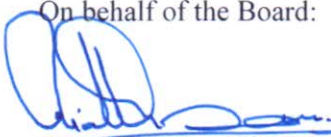
Particulars	December 2021	December 2020
	----- (Rupees) -----	
	-	
Sales – net	12,449,160	12,149,457
Gross profit/(loss)	965,957	(2,575,841)
Loss for the period	(56,490,265)	(13,543,204)
Basic & diluted Earnings per share	(8.58)	(2.06)

1. During the period, the Board of Directors of the Company has decided to delist the Company from PSX under rule 5.14 of Voluntary Delisting rules of the Rule Book for which the Company has submitted a formal application to PSX and for which the sponsors have been authorized to buy-back ordinary shares held by the minority shareholders of the Company to an extent and at a price to be determined in accordance with the regulations or as may be determined by the PSX or the Securities & Exchange Commission of Pakistan for the Purposes of voluntary Delisting of the Company from the PSX. Company is in a phase of complying the queries submitted by PSX vide its letter No. PSX/C-923-200 dated January 31, 2022 however approval of delisting of the Company is still pending.
2. The validity of the going concern assumption is dependent upon the ability of the Company to generate sufficient cash flow from its operation as forecasted, the continuing financing support from the major shareholders (directors) to the Company to enable the Company to continue as a going concern. The management is confident in the Company's ability to meet its obligations, and is putting forward its best efforts to strive towards profitability regardless of external market shocks. The management by taking authorization through special resolution is in process to make any decision related to future direction of the company, the nature of its core business, and any diversification or modification as deemed necessary.
3. The Directors & management have a reasonable expectation that the Company has adequate resources to continue its activity for the foreseeable future.
4. The management has decided not to pay dividend for the half period ended December 31, 2021 keeping in view future cash flow requirements of the company.

5. The management fully intends to comply with the requirement of Director's training program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.
6. The management also fully intends to comply with the requirement of Clause 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. In this regard, the company will be fully compliant not later than expiry of Board's current term.
7. Further, as stated earlier in the last director's report to the members, the Pakistani Oil & Gas industry is experiencing a recession like situation since 2017-18 due to recession in the global oil market. The company is also facing dumping activities by foreign firms along with induction of Chinese suppliers/companies into the business has greatly increased competition resulting in less orders and low profit margins in order to compete in the bidding process by the state owned companies (where the majority of the volume exists in the market). Decisions have been made by state owned E&P firms which state that firms like ADOS Pakistan are now disqualified on the basis of experience, even though ADOS has supplied thousands of Wellheads & Trees to them in the past 29+ years of operations. The Government has further reduced the support provided to local manufacturers in the Oil & Gas sector, and has reduced customs tariffs for imported products, further reducing the opportunity available in the market.
8. The management wants to state that the loss for the half period ended December 31, 2021 amounting to Rs. 56,490,265 is due to weak turnover and low profitability.

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the relentless efforts, dedicated services, teamwork, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and keep its growth abreast to face future challenges.

On behalf of the Board:



ZIA AKBAR ANSARI
Chief Executive Officer & DIRECTOR

Islamabad
March 1, 2022

ڈائریکٹرز رپورٹ برائے ممبران

اڈوس پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز کو نصف مالی سال جس کا خاتمہ مورخہ 31 دسمبر 2021 کے مالی نتائج کا اعلان کر کے خوشی ہوئی۔

سابقہ سال کے اسی پیریڈ کا اس نصف مالی سال خاتمہ مورخہ 31 دسمبر 2021 کے ساتھ کلیدی نتائج کا مقابلہ مندرجہ ذیل ہے:

تفصیل	دسمبر 2021	دسمبر 2020
خالص سیلز	روپے 12,449,160	روپے 12,149,457
مجموعی منافع/(نقصان)	روپے 965,957	روپے (2,575,841)
خالص نقصان	روپے (56,490,265)	روپے (13,543,204)
بنیادی اور مخفف آمدنی فی حصہ:	(8.58)	(2.06)

۱۔ اس مدت کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز نے رول بک کے رضا کارانہ ڈی لسٹنگ کے قواعد کے قاعدہ 5.14 کے تحت کمپنی کو PSX سے ڈی لسٹ کرنے کا فیصلہ کیا ہے جس کے لیے کمپنی نے PSX کو باضابطہ درخواست جمع کرائی ہے اور اس کے لیے سپانسرز کو اختیار دیا گیا ہے۔ کمپنی کے اقلیتی حصص یافتگان کے پاس رکھے گئے عام حصص کو ایک حد تک اور اس قیمت پر خریدنا جو ضابطوں کے مطابق یا PSX یا سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعے رضا کارانہ طور پر ڈی لسٹنگ کے مقاصد کے لیے مقرر کیا جائے۔ کمپنی PSX کے ذریعے جمع کرائے گئے 1 خط نمبر PSX/923-C-200 مورخہ 31 جنوری 2022 کے ذریعے سوالات کی تعمیل کرنے کے مرحلے میں۔ تاہم کمپنی کی ڈی لسٹنگ کی منظوری ابھی باقی ہے۔

۲۔ concern going کے مفروضے کی درستگی کا انحصار اس بات پر ہے کہ کمپنی اپنے آپریشن سے کافی نقد بہاؤ پیدا کر سکتی ہے جیسا کہ پیشن گوئی کی گئی ہے، بڑے شیئر ہولڈرز (ڈائریکٹرز) کی طرف سے کمپنی کو جاری مالی امداد جاری رکھنے کے لیے کمپنی کو concern going کے طور پر جاری رکھنے کے قابل بنایا جا سکتا ہے۔ انتظامیہ اپنی ذمہ داریوں کو پورا کرنے کے لیے کمپنی کی صلاحیت پر پر اعتماد ہے، اور مارکیٹ کے بیرونی جھٹکوں سے قطع نظر منافع کے حصول کے لیے اپنی بہترین کوششیں کر رہی ہے۔ انتظامیہ خصوصی ریزولوشن کے ذریعے اجازت لے کر کمپنی کی مستقبل کی سمت، اس کے بنیادی کاروبار کی نوعیت، اور ضروری سمجھے جانے والے کسی بھی تنوع یا ترمیم سے متعلق کوئی بھی فیصلہ کرنے کے عمل میں ہے۔

۳۔ ڈائریکٹرز اور کمپنی کی مینجمنٹ کو مناسب اور مضبوط توقعات ہیں کہ کمپنی اپنے پاس کافی وسائل کی بدولت بہتر مستقبل کے لئے اپنی سرگرمیاں جاری رکھ سکتی ہے۔

۴۔ انتظامیہ نے یہ فیصلہ کیا ہے کہ وہ نصف مالی سال 31 دسمبر 2021 پر منافع نہ ادا کرنے کا فیصلہ کیا ہے۔ تاکہ مستقبل میں کمپنی کیلئے درکار رقم استعمال کی جاسکے۔

۵۔ تجویز کردہ لیسٹیڈ کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشن ۲۰۱۹، ڈائریکٹرز ٹریڈنگ پروگرام کے مطابق عمل کرنے پر مینجمنٹ نے ارادہ کیا ہے

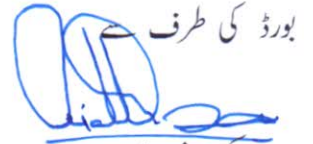
۶۔ انتظامیہ لیسٹیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شق 6 کے تقاضوں کی بھی مکمل تعمیل کرنے کا ارادہ رکھتی ہے۔ اس سلسلے میں،

کمپنی بورڈ کی موجودہ میعاد ختم ہونے کے بعد پوری طرح تعمیل کرے گی۔

- ۷۔ جیسا پہلے بیان کیا گیا ہے پاکستان تیل اور گیس صنعت نے 2017-2018 سے خسارے کا تجربہ کر رہی ہے ہماری اخراجات میں کمی کیسر گرمیوں نے فروخت میں کم مقدار کے ساتھ نقد بہاؤ کو منظم کرنے کی ہماری صلاحیت کو بہتر بنایا ہے۔ کمپنی کو غیر ملکی فرموں کی طرف سے ڈمپنگ سرگرمیوں کا بھی سامنا ہے اور چینی سپلائرز/کمپنیوں کو کاروبار میں شامل کرنے سے مقابلے میں بہت زیادہ اضافہ ہوا سرکاری ملکیت والی E&P فرموں نے کیے ہیں جن میں کہا گیا ہے کہ ADOS پاکستان جیسی فرموں کو اب تجربے کی بنیاد پر نااہل قرار دے دیا گیا ہے، حالانکہ ADOS نے گزشتہ 29 سالوں کے آپریشنز میں انہیں ہزاروں ویل ہیڈز اور درخت فراہم کیے ہیں۔ حکومت نے تیل اور گیس کے شعبے میں مقامی مینوفیکچررز کو فراہم کی جانے والی مدد کو مزید کم کر دیا ہے، اور درآمدی مصنوعات کے لیے کسٹم ٹیرف کو کم کر دیا ہے، جس سے مارکیٹ میں دستیاب مواقع کو مزید کم کیا گیا ہے۔
- ۸۔ انتظامیہ یہ بتانا چاہتی ہے کہ اس نصف مالی سال یعنی 31 دسمبر 2021 تک کے نقصانات جو کہ مبلغ 56,490,265 روپے کم سیلز کی کم سیلز کی وجہ سے ہیں۔

ڈائریکٹرز کمپنی کے حصہ داران، مالی ادارہ جات اور کسٹمرز کے شکرگزار ہیں کہ ان نے کمپنی کے آپریشن کو جاری رکھا، اس کو سپورٹ کیا اور اس کی سرپرستی کی۔ ڈائریکٹرز تسلیم کرتے ہیں کہ کمپنی کے ملازمین نے بے حد کوشش کی، مخلصانہ کوشش کی، ٹیم ورک میں سخت محنت کی اور امید ہے کہ کمپنی کو مضبوط بنانے کے لئے ان کا مسلسل خلوص جاری رکھا جائے گا اور مستقبل کے چیلنجوں کا مقابلہ کرنے کے لئے کمپنی کی ترقی کے لئے جاری رکھیں گے۔

بورڈ کی طرف سے



ضیاء اکبر انصاری

چیف ایگزیکٹو آفیسر - ڈائریکٹر

اسلام آباد، مورخہ 01 مارچ، 2022

**Grant Thornton Anjum
Rahman**

302 B, 3rd Floor,
Evacuee Trust Complex,
Aga Khan Road, F-5/1,
Islamabad, Pakistan.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ADOS Pakistan Limited

Report on review of Interim Financial Statements

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ADOS Pakistan Limited** (the Company) as at **December 31, 2021** and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, and the condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three months' period ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty Related to Going Concern

We draw attention to note 1.2 which indicates that the Company incurred substantial net loss after tax of Rs. 56,490,265 (December 2020: Rs. 13,274,616) resulting in total accumulated losses of Rs. 120,882,212 (June 2020: Rs. 64,391,947) and negative equity of Rs. 55,056,212 while current liabilities exceed current assets by Rs. 79,139,465 at the period-end. Further external product and quality certification of the Company has been cancelled during the period. These conditions along with other matters as set forth in note indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to note 7.3 to the interim financial statements, which describes the reason for NRV adjustment of Rs. 45,966,234 to stock in trade. Our conclusion is not modified in respect of this matter.

The engagement partner on this review resulting in this independent auditor's review report is Waqas Waris.


Grant Thornton Anjum Rahman
Chartered Accountants

Islamabad

Date: March 01, 2022

UDIN: RR202110209oOFQUDspf

ADOS PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021



	Note	Unaudited	Audited
		Dec-21	Jun-21
-----Rupees-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	22,581,794	29,253,911
Right of use asset	5	8,122,199	10,152,749
Intangible assets		976,276	1,084,752
Long term loans and advances		167,999	103,999
Long term deposits		400,000	400,000
Deferred taxation	6	-	-
		<u>32,248,268</u>	<u>40,995,411</u>
CURRENT ASSETS			
Stock in trade	7	-	57,092,244
Trade debts	8	10,748,439	5,103,385
Advances		71,060	60,060
Trade deposits and short term prepayments		5,036,580	905,443
Accrued interest on saving accounts		1,472	822
Tax refunds due from the Government	9	90,575,019	90,510,365
Cash and bank balances		1,997,612	1,637,342
		<u>108,430,182</u>	<u>155,309,661</u>
Non-current asset held for sale	10	4,762,681	-
TOTAL ASSETS		<u><u>145,441,131</u></u>	<u><u>196,305,072</u></u>
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital		70,000,000	70,000,000
7,000,000 (June 30, 2021: 7,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up share capital		65,826,000	65,826,000
Revenue reserve-unappropriated loss		(120,882,212)	(64,391,947)
		<u>(55,056,212)</u>	<u>1,434,053</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' benefit obligation		7,968,535	7,280,474
Lease liability	11	4,959,161	7,249,440
		<u>12,927,696</u>	<u>14,529,914</u>
CURRENT LIABILITIES			
Trade and other payables		43,323,386	46,806,762
Current portion of lease liability	11	7,710,162	4,518,045
Due to director	12	130,744,174	123,224,373
Unclaimed dividend		5,791,925	5,791,925
		<u>187,569,647</u>	<u>180,341,105</u>
TOTAL EQUITY AND LIABILITIES		<u><u>145,441,131</u></u>	<u><u>196,305,072</u></u>

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

ADOS PAKISTAN LIMITED
 CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2021



	Note	Quarter ended December 31,		Half year ended December 31,	
		2021	2020	2021	2020
		-----Rupees-----		-----Rupees-----	
Revenue-net		7,340,537	246,360	12,449,160	12,149,457
Cost of sales/services		(7,026,396)	(5,771,920)	(11,483,203)	(14,725,298)
Gross profit/ (loss)		314,141	(5,525,560)	965,957	(2,575,841)
Stock in trade NRV adjustment	7	(45,966,234)	-	(45,966,234)	-
Administrative expenses		(10,001,475)	(9,768,616)	(17,672,469)	(19,170,998)
Other income	14	1,218,864	2,472,366	7,664,896	9,482,908
		(54,748,845)	(7,296,250)	(55,973,807)	(9,688,090)
Loss from operations		(54,434,704)	(12,821,810)	(55,007,850)	(12,263,931)
Finance cost		(462,924)	(501,665)	(921,999)	(1,010,685)
Loss before income tax		(54,897,628)	(13,323,475)	(55,929,849)	(13,274,616)
Taxation		(496,558)	(90,042)	(560,416)	(268,588)
Loss for the period		(55,394,186)	(13,413,517)	(56,490,265)	(13,543,204)
Loss per share - basic and diluted	16	(8.42)	(2.04)	(8.58)	(2.06)

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

	Quarter ended December 31,		Half year ended December 31,	
	2021	2020	2021	2020
	-----Rupees-----		-----Rupees-----	
Loss for the period	(55,394,186)	(13,413,517)	(56,490,265)	(13,543,204)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(55,394,186)</u>	<u>(13,413,517)</u>	<u>(56,490,265)</u>	<u>(13,543,204)</u>

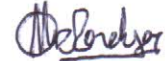
The annexed notes 1 to 19 form an integral part of these condensed interim financial information.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

ADOS PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021



	December 31, 2021	December 31, 2020
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(55,929,849)	(13,274,616)
Adjustment for:		
Depreciation	1,909,436	4,842,915
Amortization	2,139,026	135,594
Provision for employees' benefit obligation	688,061	634,690
Reversal of loss allowance	(11,872,478)	(4,733,229)
Interest income on banks	(17,516)	-
Interest on lease liability	901,838	969,415
Provision for obsolete stock	45,966,234	-
	39,714,601	1,849,385
Operating loss before working capital changes	(16,215,248)	(11,425,231)
(Increase)/decrease in current assets		
Stock in trade	11,126,010	201,864
Trade debts	6,227,424	7,047,362
Advances	(11,000)	(693,816)
Trade deposits and short term prepayments	(4,131,137)	2,170,766
	13,211,297	8,726,176
Increase/(decrease) in current liabilities		
Trade and other payables	(3,483,376)	4,084,245
Due to director	7,519,801	(43,664,439)
	4,036,425	(39,580,194)
Cash generated from/ (used in) operations	1,032,474	(42,279,249)
Tax withheld / paid	(625,070)	(974,721)
Interest paid on lease liability	-	(969,415)
Tax refunds recovered from the Government	-	45,041,622
Profit realized on bank accounts	16,866	3,688
Long term loans and advances	(64,000)	71,673
Employees' benefit obligation paid	-	(45,173)
	(672,204)	43,127,674
Net cash generated from operating activities	360,270	848,425
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	-	(135,000)
Net cash used in investing activities	-	(135,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	-	(1,423,085)
Net cash used in financing activities	-	(1,423,085)
Net increase / (decrease) in cash and cash equivalents	360,270	(709,660)
Cash and cash equivalents at the beginning of the period	1,637,342	1,697,333
Cash and cash equivalents at the end of the period	1,997,612	987,673

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

ADOS PAKISTAN LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2021



	Issued, subscribed and paid up share capital	Revenue reserves Unappropriated Loss	Total
	-----Rupees-----		
Balance as at July 01, 2020 (Audited)	65,826,000	(46,442,675)	19,383,325
Total comprehensive income for the period:			
Loss for the six month period ended December 31, 2020	-	(13,543,204)	(13,543,204)
Other comprehensive income for the period - net of tax	-	-	-
Balance as at December 31, 2020 (Un-audited)	<u>65,826,000</u>	<u>(59,985,879)</u>	<u>5,840,121</u>
Balance as at July 01, 2021 (Audited)	65,826,000	(64,391,947)	1,434,053
Total comprehensive income for the period:			
Loss for the six month period ended December 31, 2021	-	(56,490,265)	(56,490,265)
Other comprehensive income for the period - net of tax	-	-	-
Balance as at December 31, 2021 (Un-audited)	<u>65,826,000</u>	<u>(120,882,212)</u>	<u>(55,056,212)</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.



 CHIEF FINANCIAL OFFICER



 CHIEF EXECUTIVE



 DIRECTOR

ADOS PAKISTAN LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND OPERATIONS

1.1 ADOS Pakistan Limited (the "Company") was incorporated in Pakistan under the Companies Ordinance, 1984 on March 5, 1986 as a Private Limited Company and was later on converted into Public Limited Company on April 4, 1989. The Company's registered office is situated at 2nd Floor, FJ-Plaza, Block 2, College Road, Markaz F-7, Islamabad. The geographical location of factory of the Company is Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pakhtunkhwa. Its shares are quoted on Pakistan Stock Exchange (PSX). The Company has been involved in the supply of oil and gas field related equipment, service for fabrication and refurbishment of equipment and supply of spare parts used in oil and gas industry. The Company is also engaged in fabrication of vehicles in respect of bullet proofing protection.

1.2 The Company incurred substantial net loss after tax of Rs. 56,490,265 (December 2020: Rs. 13,274,616) resulting in total accumulated losses of Rs. 120,882,212 (June 2020: Rs. 64,391,947) and negative equity of Rs. 55,056,212 while current liabilities exceed current assets by Rs. 79,139,465 at the period-end due to weak turnover and profitability. Moreover, external product and quality certification has been cancelled during the period, rendering the stock in trade obsolete as disclosed in note 7.3 to the financial statements. These conditions indicate the existence of material uncertainty which may cast significant doubt on the ability of the Company to continue as going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company has submitted a formal application to Pakistan Stock Exchange (PSX) for voluntary delisting of the Company and presently, is in phase of complying the queries submitted by PSX while approval of delisting is still pending. The application is submitted in order to ensure that minority shareholders are not exposed to further losses or deterioration in financial health as directors have serious concern on the ability of the Company to operate profitably in future due to recurring losses from operations, severe reduction in oil and gas drilling activity in Pakistan, dumping rates offered by foreign firms, manufacturing facility is becoming obsolete resulting in high cost and low margins and the directors of the Company have already provided financial support to the Company for the past few years and now lack funds to support the operations of the Company at current level.

Management through following measures intends to improve the Company's operational performance and cash flows:

(i) The Board is currently exploring avenues that can be taken in order to eliminate losses and to improve the cash flow situation of the Company by diversification. These include relocation of the manufacturing facility with focus on new product lines, or the conversion from a manufacturing focused approach to a trading-based approach. The management shall make a decision soon in order to confirm the future direction of the Company.

Further, in order to facilitate the Board to smoothly operate in this uncertain time; authorization to the Board with a special resolution is made to make any decision related to future direction of the Company, the nature of its core business, and any diversification or modification as deemed necessary.

ii) Taking steps for recovery of long outstanding receivables and have been able to get commitment for recovery of some during the period.

iii) Sale of land and building of the Company to generate funds for modernization of manufacturing facility and for relocation of workplace to take advantage of local geographical market. Moreover, the Company will have sufficient fund from sale of land to meet operating requirements of Company.

iv) Curtail the operating expenses of the Company to operate at bear minimum level with financial support from directors.

Based on the measures described above and the commitment of Directors, management has a reasonable expectation that the Company has adequate resources to continue its activity for the foreseeable future.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34: 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and Provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.



These condensed interim financial information are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulation of Pakistan Stock Exchange. These condensed interim financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021. Comparative statement of financial position is extracted from annual audited financial statements as of June 30, 2021, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information for the six month period ended December 31, 2020.

2.2 Changes in accounting standards, interpretations and pronouncements

(a) Standards and amendments to approved accounting and reporting standards that are effective:

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial accounting.

(b) Standards and amendments to approved accounting and reporting standards that are not yet effective:

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2022. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Company for the year ended June 30, 2021.

	Note	Unaudited	Audited
		December 31, 2021	June 30, 2021
-----Rupees-----			
4 PROPERTY, PLANT AND EQUIPMENT			
Opening net book value		29,253,911	39,327,195
Additions during the period/ year		-	135,000
Disposal during the period/ year			
-Cost		-	(18,259,900)
-Depreciation		-	13,649,740
		-	(4,610,160)
Depreciation charged during the period / year		(1,909,436)	(5,598,124)
Non-current asset held for sale	10	(4,762,681)	-
Closing net book value		22,581,794	29,253,911
5 RIGHT OF USE ASSET			
Balance at beginning of the period/year		10,152,749	14,213,848
Depreciation charged during the period / year		(2,030,550)	(4,061,099)
Closing net book value		8,122,199	10,152,749
6 DEFERRED TAXATION			
Deferred tax asset of Rs. 61.776 million (2020: Rs. 68.665 million), mainly on carried forward business losses has not been recognized due to uncertain realizability owing to the reasons mentioned in note 1.2 to these financial statements.			
	Note	Unaudited	Audited
-----Rupees-----			
		December 31, 2021	June 30, 2021
7 STOCK IN TRADE			
Raw materials		41,440,605	52,566,615
Finished goods		7,790,191	7,790,191
Stock in trade		49,230,796	60,356,806
Less: Provision for obsolete and slow moving stock	Note: 7.1 & 7.2	(49,230,796)	(3,264,562)
Stock in trade		-	57,092,244

ADOS PAKISTAN LIMITED
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021**

	Note	Unaudited	Audited
		December 31, 2021	June 30, 2021
-----Rupees-----			
7.1 Provision for obsolete and slow moving items - raw material			
Opening balance		1,780,562	1,780,562
- NRV adjustment	7.3	39,660,043	-
Closing balance		41,440,605	1,780,562
7.2 Provision for obsolete and slow moving items - finished goods			
Opening balance		1,484,000	1,484,000
- NRV adjustment	7.3	6,306,191	-
Closing balance		7,790,191	1,484,000
7.3 American Petroleum Institute product and quality certification required to manufacture products for customer has been cancelled during the period due to decline in sales and available financial and human resources which has drastically affected the scope of work that could be accessed in future. Resultantly, the stock of trade has become obsolete and same is not expected to be utilized in ordinary course of business. Expected scrap value of the stock in trade is Rs. 6,250,008 as per the valuer report dated December 31, 2021.			
		Unaudited	Audited
		December 31, 2021	June 30, 2021
		-----Rupees-----	
8 TRADE DEBTS - UNSECURED			
Considered:			
- good		10,748,439	5,103,385
- doubtful		63,567,117	75,439,595
		74,315,556	80,542,980
Less: loss allowance	8.1	(63,567,117)	(75,439,595)
Trade debts		10,748,439	5,103,385
8.1 Loss allowance			
Balance as at July 01		75,439,595	80,172,824
Allowance made during the period / year		-	-
Less: Reversal made during the period / year		(11,872,478)	(4,733,229)
Balance at the end of the period / year		63,567,117	75,439,595
9 TAX REFUNDS DUE FROM THE GOVERNMENT			
Opening balance		90,510,365	135,880,809
Tax paid/deducted at source during the period/ year		625,070	1,709,202
Refunds received during the period/year		-	(45,041,622)
Less: provision for taxation		(560,416)	(2,038,024)
Advance tax - net of provision		90,575,019	90,510,365
Sales tax refunds		-	-
Tax refundable		90,575,019	90,510,365
10 NON-CURRENT ASSET HELD FOR SALE			
This represents the carrying amount of land and building of plot no. 43 Phase III, measuring 4 acres, in industrial Estate of Hattar, Khyber Pakhtunkhwa which the Board has decided to sale to generate funds for purchase of new machinery in order to diversify the manufacturing of engineering products. The said land and building has been sold subsequent to period end.			
		Unaudited	Audited
		December 31, 2021	June 30, 2021
		-----Rupees-----	
Assets			
Lease hold land		3,474,095	-
Factory building on lease hold land		1,288,586	-
		4,762,681	-

ADOS PAKISTAN LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Unaudited	Audited
	December 31, 2021	June 30, 2021
-----Rupees-----		
11 LEASE LIABILITY		
Balance at beginning of the period/year	11,767,485	15,705,809
Interest accrued	901,838	1,803,676
Payment during the period/year	-	(5,742,000)
	<u>12,669,323</u>	<u>11,767,485</u>
Current portion grouped under current liabilities	<u>(7,710,162)</u>	<u>(4,518,045)</u>
Balance at the end of the period/year-non current	<u>4,959,161</u>	<u>7,249,440</u>
12 DUE TO DIRECTOR		
Due to director	12.1 <u>130,744,174</u>	<u>123,224,373</u>
	<u>130,744,174</u>	<u>123,224,373</u>

12.1 This represents amount received from director from time to time to meet the working capital requirements of the Company. This amount is unsecured, interest free and payable on demand.

13 CONTINGENCIES AND COMMITMENTS

There are no significant changes in the status of contingencies and commitments as reported in the audited annual financial statements of the Company for the year ended June 30, 2021.

14 OTHER INCOME

This includes an amount of Rs. 1,260,240 and Rs. 1,219,207 earned on disposal of stock in trade as scrap and other scrap items respectively.

15 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and other key management personnel:

	Six month period ended	
	December 31, 2021	December 31, 2020
-----Rupees-----		
Transactions with Director (CEO)		
Funds transferred by CEO for operating expenses of the Company	13,806,167	6,707,680
Funds returned to CEO by the Company	6,286,366	50,372,119
Adjustment of sale proceeds of vehicles purchased by CEO	-	-
Transactions with key management personnel		
Key management personnel remuneration includes the following expenses:		
Short-term employee benefits		
Remuneration to chief executive, executive directors and other executives	10,440,153	7,647,680
Other benefits		

In addition to the above, the chief executive and two executive directors have been provided with Company maintained vehicles and all other benefits and perquisites which are available to senior executives. Further, chief executive has also provided additional benefits of utilities, medical, travelling and fuel during the period. Certain executives are also provided with the Company maintained cars. No payment has been made to non executive directors during the period.

	Six month period ended	
	December 31, 2021	December 31, 2020
-----Rupees-----		
16 EARNING PER SHARE - BASIC AND DILUTED		
Loss for the period after tax	(56,490,265)	(13,543,204)
Number of ordinary shares outstanding during the period	6,582,600	6,582,600
Loss per share	<u>(8.58)</u>	<u>(2.06)</u>

There is no dilutive effect on the earnings per share of the Company as the Company has no such commitments.

17 IMPACT OF COVID-19


Due to prevailing COVID-19 situation a vigilant approach is adopted to cater the business risks. The management has evaluated and concluded that there are no implications of COVID-19 that require adjustment and specific disclosure in these condensed interim financial statements.

ADOS PAKISTAN LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

18 GENERAL

Amounts have been rounded to the nearest rupee unless otherwise stated.

19 Date of authorization for issue

These condensed interim financial information have been authorized for issue by the Board of Directors of the Company in its meeting held on MARCH 01, 2022. 



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR